

The Hongkong and Shanghai Banking Corporation Limited

Incorporated in the Hongkong SAR with limited liability

HSBC Holdings plc

Consolidated Income Statement

For the year ended 31 December

	2012	2011
	US\$ m	US\$ m
Interest income	56,702	63,005
Interest expense	(19,030)	(22,343)
Net interest income	37,672	40,662
Fee income	20,149	21,497
Fee expense	(3,719)	(4,337)
Net fee income	16,430	17,160
Trading income excluding net interest income	4,408	3,283
Net interest income on trading activities	2,683	3,223
Net trading income	7,091	6,506
Changes in fair value of long-term debt issued and related derivatives	(4,327)	4,161
Net income/(expense) from other financial instruments designated at fair value	2,101	(722)
Net income/(expense) from financial instruments designated at fair value	(2,226)	3,439
Gains less losses from financial investments	1,189	907
Dividend income	221	149
Net earned insurance premiums	13,044	12,872
Gains on disposal of US branch network, US cards business and Ping An Insurance (Group) Company of China, Limited	7,024	-
Other operating income	2,100	1,766
Total operating income	82,545	83,461
Net insurance claims incurred and movement in liabilities to policyholders	(14,215)	(11,181)
Net operating income before loan impairment charges and other credit risk provisions	68,330	72,280
Loan impairment charges and other credit risk provisions	(8,311)	(12,127)
Net operating income	60,019	60,153
Employee compensation and benefits	(20,491)	(21,166)
General and administrative expenses	(19,983)	(17,459)
Depreciation and impairment of property, plant and equipment	(1,484)	(1,570)
Amortisation and impairment of intangible assets	(969)	(1,350)
Total operating expenses	(42,927)	(41,545)
Operating profit	17,092	18,608
Share of profit in associates and joint ventures	3,557	3,264
Profit before tax	20,649	21,872
Tax expense	(5,315)	(3,928)
Profit for the year	15,334	17,944
Profit attributable to shareholders of the parent company	14,027	16,797
Profit attributable to non-controlling interests	1,307	1,147

Loans and Receivables to Other Customers

	2012	2011
	US\$ m	US\$ m
For the year ended 31 December		
Gross loans and receivables	1,013,735	957,940
(Less): Individual impairment	(6,572)	(6,537)
Collective impairment	(9,540)	(10,974)
Net loans and receivables including those designated at fair value through profit or loss	997,623	940,429
(Less): Loans and receivables designated at fair value through profit or loss	-	-
Net loans and receivables	997,623	940,429

Consolidated statement of comprehensive income for the year ended 31 December

	2012	2011
	US\$ m	US\$ m
Profit for the year	15,334	17,944
Other comprehensive income/(expense)	5,070	674
Available-for-sale investments	6,396	1,279
- fair value gains	(1,872)	(820)
- fair value gains transferred to income statement on disposal	1,002	583
- amounts transferred to the income statement in respect of impairment losses	(456)	(368)
- income taxes	109	187
Cash flow hedges	552	(581)
- fair value gains/(losses)	(423)	788
- fair value (gains)/losses transferred to income statement	(20)	(20)
- income taxes	(195)	1,009
Actuarial gains/(losses) on defined benefit plans	(391)	1,267
- before income taxes	196	(258)
- income taxes	533	(710)
Share of other comprehensive income/(expense) of associates and joint ventures	311	(710)
- share for the year	222	-
- reclassified to income statement on disposal	1,017	(2,865)
Exchange differences	(1,128)	-
- foreign exchange gains reclassified to income statement on disposal of a foreign operation	2,145	(2,865)
- other exchange difference	-	165
Income tax attributable to exchange differences	6,534	(1,540)
Other comprehensive income for year, net of tax	21,868	16,404
Total comprehensive income for the year	21,868	16,404
Total comprehensive income for the year attributable to:		
- shareholders of the parent company	20,455	15,366
- non-controlling interests	1,413	1,038
	21,868	16,404

Group performance ratios (%) as at

	30 June 2013	31 December 2012
Tier 1 Capital	12.7	12.3
Total Capital	16.6	16.1
Post-tax return on average total assets	0.8	0.5
Return on average shareholders' equity	12.0	6.5

Loans and Receivables to Other Customers - By product

	Unaudited 2012	Unaudited 2011
	US\$ m	US\$ m
For the year ended 31 December		
Personal	415,093	393,625
First lien residential mortgages	301,862	278,963
Other personal	113,231	114,662
Corporate and commercial	513,493	472,816
Manufacturing	112,149	96,054
International trade and services	169,389	152,709
Commercial real estate	76,760	73,941
Other property-related	40,532	39,539
Government	10,785	11,079
Other commercial	103,878	99,494
Financial	81,258	86,219
Non-bank financial institutions	79,817	85,275
Settlement accounts	1,441	944
Asset-backed securities reclassified	3,891	5,280
Total	1,013,735	957,940

Consolidated statement of changes in equity for the year ended 31 December 2012

	2012										
	Called-up share capital	Share premium	Other equity instruments	Retained earnings	Available-for-sale fair value reserve	Cash flow hedging reserve	Foreign exchange reserve	Merger reserve	Total shareholders equity	Non-controlling interests	Total equity
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
At 1 January	8,934	8,457	5,851	111,868	(3,361)	(95)	(237)	27,308	158,725	7,368	166,093
Profit for the year	-	-	-	14,027	-	-	-	-	14,027	1,307	15,334
Other comprehensive income (net of tax)	-	-	-	321	5,010	108	989	-	6,428	106	6,534
Available-for-sale investments	-	-	-	-	5,010	-	-	-	5,010	60	5,070
Cash flow hedges	-	-	-	-	-	108	-	-	108	1	109
Actuarial gains/(losses) on defined benefit plans	-	-	-	(212)	-	-	-	-	(212)	17	(195)
Share of other comprehensive income of associates and joint ventures	-	-	-	533	-	-	-	-	533	-	533
Exchange differences	-	-	-	-	-	-	989	-	989	28	1,017
Total comprehensive income for the year	-	-	-	14,348	5,010	108	989	-	20,455	1,413	21,868
Shares issued under employee remuneration and share plans	119	1,812	-	(1,337)	-	-	-	-	594	-	594
Shares issued on lieu of dividends and amounts arising thereon	185	(185)	-	2,429	-	-	-	-	2,429	-	2,429
Dividends to shareholders	-	-	-	(8,042)	-	-	-	-	(8,042)	(707)	(8,749)
Tax credit on distributions	-	-	-	32	-	-	-	-	32	-	32
Own shares adjustment	-	-	-	2	-	-	-	-	2	-	2
Cost of share-based payment arrangements	-	-	-	988	-	-	-	-	988	-	988
Income taxes on share-based payments	-	-	-	42	-	-	-	-	42	-	42
Other movements	-	-	-	(26)	-	-	-	-	(26)	(20)	(46)
Acquisition and disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(108)	(108)
Changes in ownership interests in subsidiaries that did not result in loss of control	-	-	-	43	-	-	-	-	43	(59)	(16)
At 31 December	9,238	10,084	5,851	120,347	1,649	13	752	27,308	175,242	7,887	183,129

